

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2933
ANSWERED ON:07.12.2001
GLOBAL RECESSION
JAGMEET SINGH BRAR

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the Director General designate of the World Trade Organisation has predicted global recession next year;
- (b) if so, the pre-emptive steps are being taken by Government to revive the dwindling economy;
- (c) whether the Government identified items of unproductive, wasteful and luxurious expenditure which would be banned or curbed with immediate effect;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) and (b): Government is not aware of any such statement/prediction by the Director General designate of the World Trade Organisation. However, the broad strategy for promoting economic growth has been enunciated in the Budget Speech for 2001-02. Various tax reform measures undertaken in the Budget are, inter-alia, designed to promote greater investment and consumption demand for promoting economic growth. The Budget 2001-02 and subsequent measures have also provided emphasis on faster implementation of central Plan outlays and completion of projects for key infrastructure sectors and promotion of capital investment in the private sector as well. In its mid-term review of monetary and credit policy announced in October 2001, the Reserve Bank of India has taken certain measures aimed at ensuring adequate liquidity to meet credit growth and support revival of investment demand. These include further reduction of Bank Rate from 7 per cent to 6.5 per cent, reduction in and rationalisation of Cash Reserve Ratio for banks and reduction in the maximum interest rate chargeable on export credit by one percentage point for a period of six months from September 26, 2001. These measures are designed to stimulate demand in the backdrop of the Budget strategy and are expected to have a favourable impact on growth.

(c), (d) and (e): It is the Government's constant endeavor to contain unproductive, wasteful and luxurious expenditure. Amongst the austerity measures taken in this direction include a ban on creation of posts, reduction in the number of sanctioned posts, restrictions on the filling up of vacant posts, reduction in the office expenses, restrictions on the purchase of vehicles, restrictions on foreign travel and on entertainment/hospitality expenses etc.